

Ontario Energy Board
Natural Gas Electricity Interface Review – EB-2005-0551
Technical Conference – May 16, 2006

Undertaking 4

Given by Mr. Frew to Ms. Campbell at Transcript page 180, line 6.

Undertaking: To produce allocation procedure summaries.

Response:

As TransCanada stated in its written evidence on NGEIR Issue III, (page 7 of 13, A12) it reviewed the allocation or access procedures in the tariffs of the following Canadian gas transportation pipelines:

1. TransCanada PipeLines Limited (Canadian Mainline)
2. Nova Gas Transmission Ltd. (Alberta System)
3. TransCanada PipeLines Limited (B.C. System)
4. Foothills Pipe Lines Ltd.
5. Alliance Pipeline Ltd.
6. ATCO Pipelines
7. Maritimes and Northeast Pipeline Ltd.
8. Westcoast Energy Inc.

Attached is a summary of the procedures for these pipelines, copies of the relevant tariff excerpts, and web links to the full tariffs.

1. TransCanada PipeLines Limited (Canadian Mainline)

Regulator: National Energy Board

Tariff Link:

http://www.transcanada.com/Mainline/info_postings/tariff/

Access or Allocation Procedure:

Transportation Access Procedure:

Existing System Capacity (Section 3):

- priced at the approved NEB Toll (article 3.3)
- Allocation (article 3.4)
 - o submitted bids are ranked by applicable term times toll, with highest product having highest priority;
 - o earliest requested date of commencement have the highest priority; and
 - o if capacity is insufficient, tied bids are prorated, but shipper can specify minimum capacity if it doesn't want its request to be prorated below a certain amount.

New System Capacity (Section 4):

In notice of New Capacity Open Season, TransCanada must:

- identify the minimum term of service required in support of the Facilities Application;
- identify the expected date by which such additional capacity might first be offered;
- identify the dates on which the New Capacity Open Season will commence and end;
- indicate the System Segments which are being offered; and
- identify any System Segments where TransCanada may be limited as to the total capacity that may be made available and the time such capacity may be available.

Allocation of New System Capacity: same as per existing system capacity.

2. NOVA Gas Transmission Ltd. (Alberta System)

Regulator: Alberta Energy and Utilities Board

Tariff Link:

http://www.transcanada.com/Alberta/info_postings/tariff/

Access or Allocation Procedure:

Transportation Access Procedure:

Appendix A – Terms and Conditions Respecting Access to Transportation Service at Export Delivery Points

Access to FT-D Existing Capacity (Section 2)

Awarding of Existing Capacity (Article 2.4) – Bids are ranked in descending priority based on the following criteria:

- first, on the basis of the per unit demand toll multiplied by the requested term, with the highest per unit product having higher priority; and
- second, by the Service Commencement Date, with bid with the earlier Service Commencement Date having the higher priority.

Similar process used in:

- Awarding of Existing Capacity in Daily Open Season (Article 2.6.3)
- Awarding of Expansion Capacity for FT-D (see Article 3.4)
- Awarding of Expansion Capacity FT-DW (see Article 4.3)

3. TransCanada PipeLines Limited (B.C. System)

Regulator: National Energy Board

Tariff Link:

http://www.transcanada.com/BC_System/info_postings/tariff/

Access or Allocation Procedure:

Procedure for Access to Transportation Service

Awarding of Expansion Capacity (Article 2.2.4)

- bids are ranked on the basis of the per unit product of the current demand rate multiplied by the requested term (higher per unit product having the higher priority);
- if capacity is insufficient, bids of same priority are prorated;
- if prorated capacity to be awarded is less than the minimum specified, bid is rejected (i.e. no requirement for shipper to accept less than minimum specified in its bid).

Similar process used in:

- Awarding of Existing Capacity (Article 2.3.4)
- Awarding of Existing Capacity for Daily Open Season (Article 2.3.6.3)

4. Foothills Pipe Lines Ltd.

Regulator: National Energy Board

Tariff Link:

http://www.transcanada.com/Foothills/info_postings/tariff/

Access or Allocation Procedure:

Capacity Allocation Procedure:

Zone 6, 7, and 8 (Section 3):

- Available Capacity offered sequentially by date and time to Prospective Shippers in the queue until the capacity is fully committed.

Zone 9 (Section 4):

- Available Capacity offered to successful Bidders in an Open Season.
- bids are evaluated on the basis of net present value per unit (current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate).
- if the net present values of two or more bids are equal, Company will award the available Capacity to the bid with the earliest start date.
- in the event a tie cannot be broken, capacity will be offered on a pro rata share – bidders accept or decline the pro rata share within 5 business days of offer.

Same process used for expansion capacity (Article 4.3)

5. Alliance Pipeline Ltd.

Regulator: National Energy Board

Tariff Link: (General Terms and Conditions and Tolls Schedule – Firm Transportation Service)

http://www.alliance-pipeline.com/contentfiles/53_TollsandTariffsFinalTSARevised%20060509.pdf

Access procedure:

General Term and Conditions (Article 10.1) defines the information that a prospective shipper must provide Alliance to seek access to transportation services.

Allocation procedure:

Not defined in GT&C. Alliance has not expanded the system since initial certification.

6. ATCO Pipelines

Regulator: Alberta Energy and Utilities Board

Tariff Link:

Transportation Service Regulation:

http://www.atcopipelines.com/Transportation_Services/PDF/TransportationServiceRegulations-Apr1,2006.pdf

Transportation Business Policy and Practices:

http://www.atcopipelines.com/Transportation_Services/PDF%20Nov%201,%202004/BusinessPolicies&Practices-Dec1-05.pdf

Access or Allocation Procedure:

Transportation Service Regulation

- Defines requirements for Requests for Service (Articles 2.2) and the Applicable Rate and Service Agreement (Article 2.3).

Transportation Business Policy and Practices

Allocation Procedure:

- Allocation through a Queue Procedure (Article 1.3). Transportation service will be offered sequentially as it becomes available. ATCO Pipelines may have several queues on its Gas Pipeline System specific to pipeline regions.

Investment Policy:

- Where the amount of ATCO Pipelines' investment is insufficient to cover the cost of facilities required to satisfy the Customer Application for Service, the Customer may elect to extend the minimum Agreement term, or pay a contribution towards the cost of facilities (Article 2.2).

Allocation Practices (Article 8):

- ATCO's Allocation Practices defines allocation as the apportionment of a Customer's net Gas flow to the total measured Gas flow; which is a different context from the allocation of capacity to prospective shippers.

7. Maritimes and Northeast Pipeline Ltd.

Regulator: National Energy Board

Tariff Link:

<http://infopost.link.duke-energy.com/InfoPost/default.asp?pipe=MNCA>

Access or Allocation Procedure:

General Terms and Conditions:

Allocation Of Capacity Entitlements (Section 4)

Unsubscribed capacity:

- unsubscribed existing capacity is allocated to request(s) generating the highest net present value [discounted cash flow of revenues to Pipeline (reservation charges component, exclusive of any discount) produced, lost, or affected by the request(s) for service]; and
- capacity can be pro-rated if service requests indicated a willingness to accept a partial allocation of capacity.

Capacity under Terminating Long Term Agreements:

- bid must incorporate the applicable toll and specify the contract term;
- capacity first allocated to bids with the longest contract term (Best Bid); and
- if more than one bidder submits the Best Bid, the first bidder in time is selected.

Policy with respect to fees and construction of new Facilities (Section 17):

- Customers may request that Pipeline construct a pipeline extension (other than a mainline extension) from Pipeline's existing facilities to deliver gas to one or more Customers; and
- Pipeline may request a contribution if the facilities generate a revenue deficit (threshold is defined in Section 17).

8. Westcoast Energy Inc.

Regulator: National Energy Board

Tariff Link:

<https://noms.wei-pipeline.com/wei-noms/cip002.buildframe1?parstartingnode=382>

General Information – Transportation Expansion Service Delivery Policy

Capacity Allocation (existing capacity) – (Article 9)

- Westcoast posts on its public bulletin board all available Firm Transportation Service.
- All bids deemed at the currently applicable Demand Toll for Transportation Service.
- Bids are evaluate on the basis of its unit economic value (discounted net present value of the currently applicable Demand Toll for Transportation Service over the term of that service specified in the bid)
- Tied bids broken by:
 - bid with the earliest commencement date;
 - bid with the longest term; and
 - any bid which is contingent upon obtaining service in another Zone will be given the lowest priority.
- If two or more bids remain tied, shippers are notified. If they can agree to a method of allocation amongst them, capacity will be allocated as agreed. If they can't agree, capacity will be prorated (shippers have opportunity to reject pro-rated capacity).
- Any remaining capacity may be allocated by way of lottery to those affected bidders which rejected the pro-rated.